
Economic Incentive Programs Available to San Diego Companies

Federal Programs

Renewal Communities - (Economic Growth Services [EGS]-Government Incentives Team [GITeam])

San Diego received a federal Renewal Community (RC) designation for several communities including Barrio Logan, Centre City, Lindbergh Field, Southeastern San Diego and Encanto neighborhoods. Tax savings include: wage credits, increased equipment expensing, zero percent capital gains rate for RC assets, and commercial revitalization deduction. To claim the RC federal income tax savings, the business or investment must be located within the designated area and meet other specific qualifying criteria.

Foreign Trade Zone – (EGS –GITeam)

A Foreign Trade Zone (FTZ) is an area that is physically located within the United States, but deemed to be outside the territory of U.S. Customs. Businesses activated in a Foreign Trade Zone can import/export most foreign made parts, components and merchandise without payment of U.S. Customs duties, fees and certain taxes. Promoting and activating FTZ sites at the Port of San Diego can help increase import/export activity in San Diego and potentially bring new companies to the region. There are five (5) San Diego County companies activated as FTZ Operators companies with 40 firms utilizing the FTZ. In 2008, more than \$700 M in domestic and foreign product was received in the FTZ.

HUBZone

The Historically Underutilized Business Zone (HUBZone) is administered by the U.S. Dept. of Commerce's Small Business Administration (SBA) to promote economic and employment development in distressed areas. The HUBZone provides federal contracting assistance for qualified small businesses located in a HUBZone.

State Programs

Enterprise Zone – (EGS –GITeam)

Businesses in an Enterprise Zone (EZ) can claim tax credits for employee wages and manufacturing equipment purchases. EZ companies are offered job referral services, development permit expediting and assistance, tax savings on loans, and reductions on certain development fees. San Diego's Regional EZ is located throughout the City of San Diego in Council Districts 2, 3, 4, 7, and 8 and in portions of National City and Chula Vista. Since 2008, more than 250 SD companies have received EZ hiring credits for more than 6,500 "qualifying" employees and more than 1,500 San Diego companies have been contacted. Monthly small business assistance workshops are being conducted in partnership with the Office of Small Business, IRS, and ACCION.

LAMBRA- (Redevelopment Agency with administrative support from EGS-GITeam)

A special enterprise zone available only to closed military bases. San Diego's LAMBRA is located at the Naval Training Center Redevelopment Project Area, which includes Liberty Station, near Downtown. The incentives available to LAMBRA businesses are similar to the Enterprise Zone. GI Team issues hiring credit vouchers to eligible LAMBRA businesses. To date only the new Vons has utilized the LAMBRA program.

Recycling Market Development Zone – (Environmental Services w/support from EGS)

Manufacturers of recycled products and recycling operations are encouraged to locate facilities in several industrial areas throughout San Diego designated as Recycling Market Development Zones (RMDZs). Businesses have access to a state low-interest loan program, permit assistance, assistance identifying sources of recyclable materials for their businesses and business referrals. The RMDZs are located in Otay Mesa, Miramar and Rancho Bernardo but are regional collaborations.

City Programs

Business Cooperation Program (EGS/Business Expansion, Attraction, and Retention [BEAR])

The Business cooperation Program (BCP) is designed to simultaneously lower operating and facility costs for a wide variety of firms doing business in San Diego AND prevent the annual loss of millions of dollars in Sales and Use Tax revenue to the City's General Fund. Participating firms receive a cash rebate on new tax revenue equal to \$.025/dollar based on total sale or purchase price of qualifying equipment. Since the program's inception, 14 companies have participated in the BCP generating \$2.2 M additional sales/use tax revenue to the City.

Cleantech Initiative – (EGS/BEAR)

The Cleantech Initiative is an effort to promote the expansion, attraction and retention of businesses that develop products and technologies that provide environmentally sustainable solutions. The Initiative seeks to develop an emerging cluster that will enhance the quality of life and reputation of San Diego. Efforts of the initiative include promoting, fostering, and coordinating strategic alliances and collaborating with local, regional, state, and federal institutions to develop and execute the City's clean technology business attraction strategy.

Guaranteed Water for Industry Program- (EGS/BEAR)

The Guaranteed Water for Industry Program was created to provide an uninterrupted supply of water for manufacturing and R&D firms that are highly dependent on water for industrial processing and cooling needs. "Certified" water customers are exempt from mandatory water conservation measures, must use reclaimed water to the extent possible, receive discounted monthly rates for reclaimed water usage, and a possible one-time cost savings on water capacity charges. Three (3) San Diego firms are participating in this program.

Business and Industry Incentive Program - (EGS/BEAR)

Businesses receive tailored technical permit assistance and financial incentives to ensure that existing and future expansion needs are met. The BEAR Team also actively assists in the attraction and relocation of businesses to the City from other jurisdictions. Since the adoption of this program by City Council in 1993, the BEAR Team has assisted numerous companies in various industries including high tech, bio tech, defense, manufacturers, and energy companies.

Business Loan Program - (City Planning & Community Investment [CPCI]/Economic Development Div)

City manages two (2) small business loan funds designed to improve economically distressed areas in an effort to help stimulate economic growth. The loan funds serve as gap financing and can supplement private financing of new or rehabilitated building, fixed machinery and equipment and working capital and soft costs. Loans typically range from \$25,000 to \$500,000. Since FY05, the city's approved 24 companies for loans amounting to \$5.2 M, leveraging \$23.3 M and creating/retaining 161 jobs.

Office of Small Business - (CPCI/Office of Small Business)

The City created one of the first municipal Office of Small Business (OSB) in California dedicated solely to helping small businesses succeed by managing many of City's high profile small business programs aimed at enhancing economic opportunities for small businesses and revitalizing commercial neighborhoods. In FY09, this work unit oversaw \$39.3 M of public funds and provided assistance to over 5,000 businesses. OSB administers the following programs:

- **Community Parking Districts**

A portion of the City's parking meter revenue is allocated back to districts where meters are located in designated communities to help finance solutions to parking challenges in commercial areas.

- **Maintenance Assessment Districts (MADs)**

MADs services and improvements complement the efforts of the City and the services provided through the Business Improvement Districts to revitalize older commercial neighborhoods and promote business development.

- **Downtown Property Business Improvement District (PBID)**

Funded through property tax assessments, the PBID established the Clean & Safe Program to improve the appearance of Downtown's streets and enhance public safety for residents, employees and visitors.

- **Tourist Occupancy Tax (TOT) Economic Development Tourism Support Program (EDTS)**

Funds are awarded through a competitive merit based application process to qualified nonprofit organizations to produce significant services, programs and events improving the San Diego economy by boosting tourism, attracting new businesses, and increasing jobs. In FY 2010 \$540K was awarded.

- **Tourism Marketing District - (TMD)**

The TMD was approved by City Council and was implemented citywide on January 1, 2008. The annual assessment is 2% of gross room revenue from hotels.

- **Small Business Enhancement Program – (SBEP)**

SBEP also provides citywide grants, technical assistance and funding to micro-district and small business service organizations to support various popular small business programs.

Minor Construction Program- (Equal Opportunity Contracting Program [EOCP])

Expand the program to emphasize the Mayor's commitment to diversity and to creating opportunities for consultants and vendors to propose and bid on projects against others of the same size. In order to achieve this commitment, there are extensive outreach and mentoring efforts to all sectors of the business community.